

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2015-050-00519R

Parcel No. 11.01.476.013

Robbie Stubbs,
Appellant,

v.

Jasper County Board of Review,
Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on October 29, 2015. Robbie Stubbs was self-represented. County Attorney Michael Jacobsen was counsel for the Jasper County Board of Review.

Stubbs is the owner of a residential one-story home located 744 E State Street, Colfax. The home was built in 2004 and has 1638 square feet of above grade finish, a full, walkout basement with 1000 square-feet of living-quality finish, and a three-car attached garage. It also has a 583 square-foot wrap-around deck and a 3000 square-foot detached metal garage built in 2004. The site is 5.150 acres.

The property's January 1, 2015, assessment was \$290,240, allocated as \$20,400 in land value and \$269,840 to improvement value. Stubbs' protest to the Board of Review claimed the property was assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b).

The Board of Review reduced the assessment to \$278,140, allocated as \$20,400 in land value and \$257,740 in improvement value.

Stubbs then appealed to PAAB reasserting his claim.

Findings of Fact

Stubbs testified he believed the property is over assessed.

Stubbs testified he purchased the property as a foreclosure from Federal National Mortgage Association (FNMA) for \$210,000 and moved into it in the spring of 2013; however, due to title issues the property did not actually transfer until 2014. FNMA obtained the property from Bank of America in October 2013 for \$243,200. (Ex. 1, p. 4).

Stubbs asserts he paid too much for the property because of all the repairs it needed and continues to require. Some of the updates he made to the property include drywall repair, painting, replacing missing trim/doors, updated flooring and appliances, as well as some cabinetry work. When questioned by the Board about how much money he has spent on improvements, Stubbs estimated \$40,000, mostly in materials; he did much of the labor himself. He testified the roof is still in need of repair and will likely need some changes to the construction to help water flow and drainage concerns. He also noted there were water issues with the outbuilding; however, he dug a trench, which alleviated most of the problems. Stubbs concedes the improvements are “nice,” but insists there are still many issues that need repaired because of poor construction techniques and what he considers shoddy construction work. Other concerns he noted that still exist and will need renovation in the future include some siding that needs replaced, the deck needs repair, and there are some ant infestation issues.

When the Board of Review questioned Stubbs regarding the quality of the improvements, Stubbs conceded the garage had radiant floor heating and other upgraded features such as a wet-bar in the lower level and a good quality outbuilding. Moreover, although Stubbs testified the property needed updating, he acknowledged much of it occurred in 2013 after he purchased it, but prior to the appraisal and assessment date.

Stubbs submitted an appraisal report prepared by Duane Hueneker with Williams Appraisal, LLC, Altoona, Iowa. Hueneker developed the sales comparison and cost approach in arriving at his opinion of a fair market value of \$255,000, as of November 2014.

Hueneke concluded a value of \$265,374 by the cost approach and considered it as additional support for his sales comparison conclusion. We note he depreciated the cost approach by \$100,000 for functional obsolescence, asserting the cost of upgraded materials for the floor to ceiling stone fireplace, outbuilding, and extra-long driveway exceed market return. While we are critical of what appears to be an excessive adjustment, ultimately it does not render the appraisal unreliable because Hueneke considered the sales comparison approach as the most reliable indicator of value, which Iowa law prefers.

Hueneke submitted six comparable properties for his sales comparison analysis, summarized in the following chart.

	Date of Sale	Sale Price	Site Size (Acres)	Gross Living Area	SP/SF	Adjusted Sale Price	Adjusted SP/SF
Subject	Mar-14	\$210,000	5.15	2104			
630 S League Rd	Dec-13	\$190,000	13.75	2330	\$ 81.55	\$248,300	\$106.57
2205 W 15th St S	Aug-14	\$285,000	0.90	2627	\$108.49	\$274,200	\$104.38
5608 Hwy 117 S	Mar-14	\$245,000	2.20	3050	\$ 80.33	\$254,300	\$ 83.38
9169 Hwy 6 E	Apr-14	\$225,000	1.24	1652	\$136.20	\$267,300	\$161.80
3664 W 148th St S	Aug-14	\$253,000	1.09	2160	\$117.13	\$247,100	\$114.40
460 S 444th Ave W	Nov-14	\$244,000	1.58	2616	\$ 93.27	\$255,440	\$ 97.65

Hueneke explained throughout his report that there were limited sales located on acreage sites with an outbuilding like the subject. He adjusted the sales for differences compared to the subject property, resulting in a range of value of roughly \$247,000 to \$274,000. We note Hueneke determined the gross living area (GLA) of the subject is 2104 square feet, compared to the 1638 square feet of GLA reported on the property record card.

Peter Scarnati, an appraiser in the Jasper County Assessor's Office, testified on behalf of the Board of Review. He was critical of Hueneke's appraisal; in his opinion, the properties he submitted do not have the same customization as the subject.

Scarnati reported that he inspected the subject property in 2004 during its construction. In his opinion, based on the property's customization, it is one of the top properties in the county. He reports the deck is "very nice" and believes the Hueneke

did not adequately account for the size of the deck in his appraisal. Scarnati also did not agree with the Board of Review's decision to lower the assessment and believes it is too low.

The Board of Review submitted six properties it considered comparable to the subject property. The following chart is a summary of these properties.

	Sale Date	Sale Price	Year Built	Gross Living Area (GLA)	Site Size	Outbuildings
Subject	Feb-14	\$210,000	2004	1638	5.15	Yes
10698 Plum Ave	May-15	\$272,500	2002	1614	4.47	Yes
8245 Hwy F-17 W	Apr-14	\$334,000	1999	2292	7.35	Yes
10155 Olive Ave	Sep-15	\$230,000	1900	1434	4.33	Yes
1263 S Goodrich St	Jan-14	\$180,000	2003	1434	0.274	No
1266 S Goodrich St	May-15	\$203,000	2006	1529	0.274	No
703 N League Rd	Listing	\$374,000	2001	2656	3.97	No

Scarnati testified about each of the properties, explaining some of the features of each. He asserts they are similar to the subject property. However, we do not find it necessary to recite Scarnati's testimony regarding these properties because they were not adjusted for differences, nor did he develop an opinion of market value using the sales. Moreover, we note three of the sales submitted occurred after the January 1, 2015, assessment date. Although we recognize data after the assessment date could be considered in developing an opinion of value, especially when there is a lack of similar data; we are unconvinced the sales Hueneker used in his appraisal, which predated the assessment, are not reasonable.

Conclusions of Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB considers only those grounds presented to or considered by the Board of Review, but determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. §§ 441.37A(1)(a-

b). New or additional evidence may be introduced, and PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). Market value essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available to determine market value then "other factors," such as income and/or cost, may be considered. § 441.21(2).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

Stubbs submitted the Hueneke appraisal, which determined an opinion of market value of \$255,000, as of November 2014. Despite the Board of Review's contention that the subject property is one of the best properties in Jasper County and its belief that Hueneke undervalues the property, Hueneke listed many of the property's upgraded features in his report and identified the subject was over-improved and suffered functional obsolescence because the cost of the upgraded features exceeded market value.

Based on the foregoing, we find the Hueneke appraisal the best evidence in the record of the fair market value as of January 1, 2015.

Order

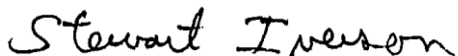
IT IS THEREFORE ORDERED the January 1, 2015, assessment of the subject property as set by the Board of Review is modified to \$255,000.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

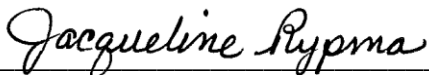
Dated this 17th day of November, 2015.



Karen Oberman, Presiding Officer



Stewart Iverson, Board Chair



Jacqueline Rypma, Board Member

Copies to:

Robbie Stubbs

Michael Jacobsen

Jasper County Auditor